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**NOTICE OF SALE  
THE CITY OF ROCHESTER,  
IN THE COUNTY OF MONROE  
NEW YORK**

**\$58,320,000 GENERAL OBLIGATION BONDS-2006 SERIES A**

SEALED PROPOSALS which may be delivered in person or by facsimile transmission (FAX numbers: 585-428-7533, 585-428-6783, and 585-428-6774) will be received by the Director of Finance, City of Rochester, New York, at the offices of the Director of Finance, City of Rochester, City Hall, 30 Church Street, Room 109-A, Rochester, New York on Wednesday, February 22, 2006, until 11:00 o'clock A.M. (Prevailing Time) at which time they will be publicly opened and announced, for the purchase of \$58,320,000 GENERAL OBLIGATION SERIAL BONDS-2006 SERIES A (the "Bonds"), of the City of Rochester, New York (the "City") due (with option of prior redemption) on February 15, as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>
2007	\$4,260,000	2017	\$3,035,000
2008	4,415,000	2018	2,945,000
2009	4,430,000	2019	2,800,000
2010	4,510,000	2020	2,845,000
2011	4,090,000	2021	2,255,000
2012	3,635,000	2022	2,260,000
2013	3,120,000	2023	2,265,000
2014	3,095,000	2024	1,460,000
2015	3,160,000	2025	660,000
2016	3,080,000		

The Bonds will be dated February 15, 2006, and will bear interest at the rate or rates per annum specified by the successful bidder therefor in accordance herewith, payable on August 15, 2006, February 15, 2007 and semi-annually thereafter on February 15 and August 15 in each year until maturity. Interest will be calculated on a thirty-day month and a 360-day year basis.

Series A Bonds maturing after February 15, 2017, shall be subject to optional redemption by the City on and after February 15, 2017, upon notice and subject to the terms set forth in the Official Statement.

The timely delivery of all proposals submitted by facsimile transmission (FAX) in legible and completed form, signed by an authorized representative of the bidder, shall be the sole responsibility of the bidder. The City shall not be responsible for any errors and/or delays in transmission and/or receipt of such bids, mechanical or technical failures or disruptions, or any omissions or irregularities in any bids submitted in such manner.

The Bonds will be issued in the form of fully registered Bonds, in denominations corresponding to the total principal amounts due in each year of maturity. As a condition to delivery of the Bonds, the successful bidder will be required to cause such Bond certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, 55 Water Street, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the beneficial ownership interests of individual purchasers in the Bonds. Individual purchases of beneficial ownership interests in the Bonds may only be made through book entries (without certificates issued by the City) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Bonds will be payable by the City or its agent by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Each proposal must be a bid of not less than \$58,320,000 for all of the Series A Bonds and must state in a multiple of one-hundredth of 1% or a multiple of one-eighth of 1%, the rate or rates of interest per annum which the Bonds are to bear and may state different rates of interest for Bonds maturing in different calendar years; provided, however, that (i) the maximum number of rates which may be bid for all of the Bonds shall not exceed four, (ii) only one rate of interest may be bid for all Bonds maturing in any one calendar year, (iii) the maximum difference between the highest and lowest rates of interest bid for the Bonds may not exceed 2% per annum, and (iv) variations in rates of interest so bid shall be in ascending progression in order of maturity so that the rate of interest on Bonds maturing in any particular calendar year shall not be less than the rate of interest applicable to Bonds maturing in any prior calendar year. Each proposal must be enclosed in a sealed envelope and should be marked on the outside "Proposal for Bonds" and be addressed as follows to the Sale Officer, viz.: Vincent J. Carfagna, Director of Finance, City of Rochester, 30 Church Street, City Hall, Room 109-A, Rochester, New York. As a condition precedent to the consideration of its proposal, each bidder is required to deposit with the Sale Officer a certified or cashier's check drawn upon an incorporated bank or trust company to the order of "City of Rochester, New York", for \$1,166,400 and such check must be enclosed with the proposal or a financial surety

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bond in the amount of \$1,166,400 payable to the order of the "City of Rochester, New York" is required for each bid to be considered. If a check is used, it must accompany each bid. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of New York, the claims-paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations, and such bond must be received by the Sale Officer of the City prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser (the "Purchaser") is required to submit its Deposit to the City in the form of a cashier's check, (or wire transfer such amount as instructed by the City not later than 3:30 o'clock P.M. Prevailing Time on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the City to satisfy the Deposit requirement. No interest on the Deposit will accrue to the Purchaser. Said Bonds are issued pursuant to the Constitution and statutes of the State of New York, including, among others the City and the Local Finance Law.

If proposal is expected to be submitted by FAX the related good faith deposit must be received by the Director of Finance prior to 11:00 o'clock A.M. on February 22, 2006.

The Bonds will be awarded and sold to the bidder complying with the terms of sale and offering to purchase the Bonds at the lowest net interest cost, and if two or more such bidders offer the same lowest net interest cost, then to one of said bidders selected by the Sale Officer by lot from among all said bidders. The successful bidder must also pay an amount equal to the interest on the Bonds, if any, accrued to the date of payment of the purchase price. No interest will be allowed on the good faith deposit.

When the successful bidder has been ascertained, the Sale Officer will promptly return all deposits made to the persons making the same, except the deposit made by such successful bidder. Award of the Bonds to the successful bidder, or rejection of all bids, is expected to be made promptly after opening of the bids, but the successful bidder may not withdraw its proposal until after 1:00 o'clock P.M. (Prevailing Time) of the day of such bid-opening and then only if such award has not been made prior to the withdrawal. The successful bidder will be promptly notified of the award, and if it refuses or neglects to pay the agreed price of the Bonds less the amount deposited, the amount deposited shall be forfeited to and retained by the City as liquidated damages for such neglect or refusal.

The right is reserved to reject all bids and any bid not complying with the terms of this notice will be rejected.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, the purchase of any such insurance policy or the issuance of any such commitment therefor shall be at the sole option and expense of such bidder and any increased costs of issuance of the Bonds resulting by reason of the same, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not constitute cause for a failure or refusal by the purchaser of the Bonds to accept delivery of and pay for said Bonds in accordance with the terms hereof.

The proceeds of the Bonds will be used to redeem certain outstanding bond anticipation notes issued by the City for purposes set forth in the City's Official Statement dated February 10, 2006.

The Bonds are general obligations of the City. There is no limitation, either as to rate or amount, upon ad valorem taxes upon taxable real property in the City which may be required to pay the Bonds and the interest thereon. The State Constitution requires the City to pledge its faith and credit for the payment of the principal of the Bonds and the interest thereon and to make annual appropriations for the amounts required for the payment of such interest and the redemption of the Bonds. The State Constitution also provides that if at any time the appropriating authorities fail to make the required appropriations for the annual debt service on the Bonds and certain other obligations of the City, a sufficient sum shall be set apart from the first revenues to be thereafter received and shall be applied for such purposes, and also that the Chief Fiscal Officer of the City may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

In the event of a default in the payment of the principal of and/or interest on the portion of Bonds issued to finance school purposes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State aid and assistance to the City, and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest.

The population of the City is estimated to be 212,481. The debt statement to be filed pursuant to Section 109.00 of the Local Finance Law in connection with the sale of the Bonds, prepared as of a date not more than thirty days prior to February 22, 2006, shows the five year average full valuation of real property subject to taxation by the City to be \$5,002,991,684, its debt limit to be \$450,269,252, and its total net indebtedness (exclusive of the Bonds) to be \$300,289,641. The issuance of the Bonds will not increase the net indebtedness of the City.

The Bonds will be delivered to DTC and shall be paid for in Federal Funds on or about March 2, 2006, at such place in New York City, and on such business day and at such hour, as the Sale Officer shall fix on three business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder. The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the successful bidder to obtain CUSIP numbers for the Bonds prior to delivery and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the successful bidder to obtain such numbers and to supply them to the City in a timely manner. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

The successful bidder will be furnished, without cost, with the approving opinions of the law firms of St. John & Curtin, L.L.C., Rochester, New York, and Lewis, Munday & Bullard, Rochester, New York to the effect that the Bonds are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon without limitation of rate or amount. Said opinions shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firms

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have not been requested to examine or review and have not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City which have been or may be furnished or disclosed to purchasers of the Bonds, and express no opinions with respect to such financial statements or other information or the accuracy or sufficiency thereof.

The successful bidder may at its option refuse to accept the Bonds, if prior to their delivery the certificate referred to in the following paragraph in form and tenor satisfactory to Co-Bond Counsel, is not delivered or if any income tax law of the United States of America is hereafter enacted which shall provide that the interest thereon is taxable, or shall be taxable at a future date, for Federal income tax purposes, and in such case the deposit made will be returned and it will be relieved of its contractual obligations arising from the acceptance of its proposal.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for Federal income tax purposes, under Section 103 of the Code. As part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, the City will furnish the successful bidder, concurrently with the delivery of the Bonds, its Arbitrage and Use of Proceeds Certificate, which will contain provisions and procedures relating to compliance with the requirements of the Code and a certification to the effect that the City will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is excludable from gross income under Section 103 of the Code. In the opinions of Co-Bond Counsel, the Certificate sets forth provisions and procedures under which such requirements of the Code can be met.

Under the Code, interest on the Bonds is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including without limitation, the alternative minimum tax, and the foreign branch profits tax. In addition, under the Code, an individual who owns the Bonds may be required to include in gross income a portion of his or her Social Security or railroad retirement payments. Bondholders should consult their tax advisers with respect to the computation of alternative minimum tax, or foreign branch profits tax liability, or the inclusion of Social Security or other retirement payments in gross income for Federal income tax purposes.

The opinions of Co-Bond Counsel shall also contain further statements to the effect that, in the opinions of said law firms, interest on the Bonds is excludable, under existing statutes and court decisions, in the gross income of the recipients thereof for Federal income tax purposes pursuant to Section 103 of the Code; that under existing statutes, interest on the Bonds is not treated as a preference item in calculating alternative minimum taxable income of individuals or corporations; and that in rendering the foregoing opinions, Co-Bond Counsel have assumed the City's compliance with the provisions of its Arbitrage and Use of Proceeds Certificate.

Further, such opinions shall state that, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York.

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the City a certificate in form satisfactory to Co-Bond Counsel containing information sufficient to enable the City to determine the "issue price" of the Bonds as defined in Sections 1273 or 1274 of the Code.

The Bonds **will not** be designated by the City as "qualified obligations" pursuant to the provisions of Section 265 of the Code.

The City will prepare a supplement (the "Supplement") to the Official Statement prepared by the City in connection with the offering of the Bonds (the Official Statement and the Supplement to constitute a "Final Official Statement" within the meaning of Securities and Exchange Commission Rule 15c2-12) within seven business days following the award of the Bonds to the winning bidder provided that within two business days of the award of the Bonds the winning bidder advises the City of the initial public offering prices of the Bonds and the estimated selling compensation of the winning bidder.

In order to assist bidders in complying with Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the Bonds, the City will provide an executed copy of its "Undertaking to Provide Continuing Disclosure". Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Bonds, to provide to (i) each nationally recognized municipal securities information repository, or to the Municipal Securities Rulemaking Board, and (ii) to the New York State Information Depository, if created, the annual financial information and notice of the occurrence of certain material events, as enumerated in said Rule 15c2-12.

The obligations hereunder to deliver or accept the Bonds pursuant hereto shall be conditioned on the availability to the successful bidder and delivery at the time of delivery of the Bonds of said approving opinions; of certificates in form and tenor satisfactory to said law firms evidencing the proper execution and delivery of the Bonds and receipt of payment therefor and including a statement, dated as of the date of such delivery, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened relating to the Bonds; and of the several certificates as described in the Official Statement under the heading "Documents Accompanying Delivery of the Bonds." A copy of said approving opinions will appear on the Bonds.

Copies of the Notice of Sale and the Official Statement may be obtained upon request from the office of the Director of Finance, City of Rochester, 30 Church Street, Room 109-A, Rochester, City Hall, New York, 14614-1290, phone number (585) 428-7151.

Dated: February 10, 2006

VINCENT J. CARFAGNA  
Director of Finance and  
Chief Fiscal Officer

Vincent J. Carfagna  
Director of Finance  
The City of Rochester  
30 Church Street  
Room 109-A, City Hall  
Rochester, NY 14614-1290

Dear Mr. Carfagna:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated February 10, 2006, which is hereby made a part of this proposal, we offer to purchase all of the \$58,320,000 General Obligation Serial Bonds-2006 Series A of the City of Rochester, New York, described in said Notice of Sale, and to pay therefor the price of \$58,320,000 plus \$\_\_\_\_\_, plus interest, if any, accrued on said Bonds from their date to the date of their delivery provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Bonds maturing in the years 2007 to \_\_\_\_\_, inclusive at \_\_\_\_\_%

Bonds maturing in the years \_\_\_\_\_ to \_\_\_\_\_, inclusive at \_\_\_\_\_%

Bonds maturing in the years \_\_\_\_\_ to \_\_\_\_\_, inclusive at \_\_\_\_\_%

Bonds maturing in the years \_\_\_\_\_ to \_\_\_\_\_, inclusive at \_\_\_\_\_%

We enclose herewith a certified or cashier's check in the sum of \$1,166,400, made payable to the order of the City of Rochester, New York, which check is to be returned to the undersigned if the bid is not accepted; otherwise to be applied as part payment for the Bonds, or to be retained by the City as and for liquidated damages in case we should not take up and pay for the Bonds in accordance with the terms of this proposal.

The following is our computation of the net interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing Proposal for the purchase of \$58,320,000 Bonds under the foregoing Proposal.

Gross Interest	\$ _____
Less Premium Bid Over Par	\$ _____
Net Interest Cost	\$ _____
Net Interest Rate	_____ %

By: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Mailing Address)

\_\_\_\_\_  
(Telephone Number)

Receipt of the good faith check on February 22, 2006, in the amount of \$1,166,400 from the City of Rochester, New York, is hereby acknowledged.

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**NOTICE OF SALE  
THE CITY OF ROCHESTER,  
IN THE COUNTY OF MONROE  
NEW YORK**

## **\$41,800,000 GENERAL OBLIGATION BONDS-2006 SERIES B**

SEALED PROPOSALS which may be delivered in person or by facsimile transmission (FAX numbers: 585-428-7533, 585-428-6783, and 585-428-6774) will be received by the Director of Finance, City of Rochester, New York, at the offices of the Director of Finance, City of Rochester, City Hall, 30 Church Street, Room 109-A, Rochester, New York on Wednesday, February 22, 2006, until 11:00 o'clock A.M. (Prevailing Time) at which time they will be publicly opened and announced, for the purchase of \$41,800,000 GENERAL OBLIGATION SERIAL BONDS-2006 SERIES B (the "Bonds"), of the City of Rochester, New York (the "City"), due (with option of prior redemption) on February 15, as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>
2006	\$5,375,000	2016	\$1,100,000
2007	5,390,000	2017	1,060,000
2008	5,385,000	2018	885,000
2009	5,405,000	2019	550,000
2010	4,315,000	2020	425,000
2011	3,460,000	2021	425,000
2012	2,450,000	2022	425,000
2013	2,420,000	2023	210,000
2014	1,190,000	2024	210,000
2015	1,120,000		

The Bonds will be dated February 15, 2006, and will bear interest at the rate or rates per annum specified by the successful bidder therefor in accordance herewith, payable on October 15, 2006, April 15, 2007 and semi-annually thereafter on April 15 and October 15 in each year until maturity. Interest will be calculated on a thirty-day month and a 360-day year basis.

Series B Bonds maturing after October 15, 2016, shall be subject to optional redemption by the City on and after October 15, 2016, upon notice and subject to the terms set forth in the Official Statement.

The timely delivery of all proposals submitted by facsimile transmission (FAX) in legible and completed form, signed by an authorized representative of the bidder, shall be the sole responsibility of the bidder. The City shall not be responsible for any errors and/or delays in transmission and/or receipt of such bids, mechanical or technical failures or disruptions, or any omissions or irregularities in any bids submitted in such manner.

The Bonds will be issued in the form of fully registered Bonds, in denominations corresponding to the total principal amounts due in each year of maturity. As a condition to delivery of the Bonds, the successful bidder will be required to cause such Bond certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, 55 Water Street, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the beneficial ownership interests of individual purchasers in the Bonds. Individual purchases of beneficial ownership interests in the Bonds may only be made through book entries (without certificates issued by the City) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Bonds will be payable by the City or its agent by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Each proposal must be a bid of not less than \$41,800,000 for all of the Series B Bonds and must state in a multiple of one-hundredth of 1% or a multiple of one-eighth of 1%, the rate or rates of interest per annum which the Bonds are to bear and may state different rates of interest for Bonds maturing in different calendar years; provided, however, that (i) the maximum number of rates which may be bid for all of the Bonds shall not exceed four, (ii) only one rate of interest may be bid for all Bonds maturing in any one calendar year, (iii) the maximum difference between the highest and lowest rates of interest bid for the Bonds may not exceed 2% per annum, and (iv) variations in rates of interest so bid shall be in ascending progression in order of maturity so that the rate of interest on Bonds maturing in any particular calendar year shall not be less than the rate of interest applicable to Bonds maturing in any prior calendar year. Each proposal must be enclosed in a sealed envelope and should be marked on the outside "Proposal for Bonds" and be addressed as follows to the Sale Officer, viz.: Vincent J. Carfagna, Director of Finance, City of Rochester, 30 Church Street, City Hall, Room 109-A, Rochester, New York. As a condition precedent to the consideration of its proposal, each bidder is required to deposit with the Sale Officer a certified or cashier's check drawn upon an incorporated bank or trust company to the order of "City of Rochester, New York", for \$836,000 and such check must be enclosed with the proposal a financial surety

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bond in the amount of \$836,000 payable to the order of the "City of Rochester, New York" is required for each bid to be considered. If a check is used, it must accompany each bid. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of New York, the claims-paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations, and such bond must be received by the Sale Officer of the City prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser (the "Purchaser") is required to submit its Deposit to the City in the form of a cashier's check, (or wire transfer such amount as instructed by the City not later than 3:30 o'clock P.M. Prevailing Time on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the City to satisfy the Deposit requirement. No interest on the Deposit will accrue to the Purchaser. Said Bonds are issued pursuant to the Constitution and statutes of the State of New York, including, among others the City and the Local Finance Law.

If proposal is expected to be submitted by FAX the related good faith deposit must be received by the Director of Finance prior to 11:00 o'clock A.M. on February 22, 2006.

The Bonds will be awarded and sold to the bidder complying with the terms of sale and offering to purchase the Bonds at the lowest net interest cost, and if two or more such bidders offer the same lowest net interest cost, then to one of said bidders selected by the Sale Officer by lot from among all said bidders. The successful bidder must also pay an amount equal to the interest on the Bonds, if any, accrued to the date of payment of the purchase price. No interest will be allowed on the good faith deposit.

When the successful bidder has been ascertained, the Sale Officer will promptly return all deposits made to the persons making the same, except the deposit made by such successful bidder. Award of the Bonds to the successful bidder, or rejection of all bids, is expected to be made promptly after opening of the bids, but the successful bidder may not withdraw its proposal until after 1:00 o'clock P.M. (Prevailing Time) of the day of such bid-opening and then only if such award has not been made prior to the withdrawal. The successful bidder will be promptly notified of the award, and if it refuses or neglects to pay the agreed price of the Bonds less the amount deposited, the amount deposited shall be forfeited to and retained by the City as liquidated damages for such neglect or refusal.

The right is reserved to reject all bids and any bid not complying with the terms of this notice will be rejected.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, the purchase of any such insurance policy or the issuance of any such commitment therefor shall be at the sole option and expense of such bidder and any increased costs of issuance of the Bonds resulting by reason of the same, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued, shall not constitute cause for a failure or refusal by the purchaser of the Bonds to accept delivery of and pay for said Bonds in accordance with the terms hereof.

The proceeds of the Bonds will be used to redeem certain outstanding bond anticipation notes issued by the City for purposes set forth in the City's Official Statement dated February 10, 2006.

The Bonds are general obligations of the City. There is no limitation, either as to rate or amount, upon ad valorem taxes upon taxable real property in the City which may be required to pay the Bonds and the interest thereon. The State Constitution requires the City to pledge its faith and credit for the payment of the principal of the Bonds and the interest thereon and to make annual appropriations for the amounts required for the payment of such interest and the redemption of the Bonds. The State Constitution also provides that if at any time the appropriating authorities fail to make the required appropriations for the annual debt service on the Bonds and certain other obligations of the City, a sufficient sum shall be set apart from the first revenues to be thereafter received and shall be applied for such purposes, and also that the Chief Fiscal Officer of the City may be required to set apart and apply such revenues as aforesaid at the suit of any holder of such obligations.

In the event of a default in the payment of the principal of and/or interest on the portion of Bonds issued to finance school purposes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State aid and assistance to the City, and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest.

The population of the City is estimated to be 212,481. The debt statement to be filed pursuant to Section 109.00 of the Local Finance Law in connection with the sale of the Bonds, prepared as of a date not more than thirty days prior to February 22, 2006, shows the five year average full valuation of real property subject to taxation by the City to be \$5,002,991,684, its debt limit to be \$450,269,252, and its total net indebtedness (exclusive of the Bonds) to be \$300,289,641. The issuance of the Bonds will not increase the net indebtedness of the City.

The Bonds will be delivered to DTC and shall be paid for in Federal Funds on or about March 2, 2006, at such place in New York City, and on such business day and at such hour, as the Sale Officer shall fix on three business days' notice to the successful bidder, or at such other place and time as may be agreed upon with the successful bidder. The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the successful bidder to obtain CUSIP numbers for the Bonds prior to delivery and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the successful bidder to obtain such numbers and to supply them to the City in a timely manner. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

The successful bidder will be furnished, without cost, with the approving opinions of the law firms of St. John & Curtin, L.L.C., Rochester, New York, and Lewis, Munday & Bullard, Rochester, New York to the effect that the Bonds are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon without limitation of rate or amount. Said opinions shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firms

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have not been requested to examine or review and have not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City which have been or may be furnished or disclosed to purchasers of the Bonds, and express no opinions with respect to such financial statements or other information or the accuracy or sufficiency thereof.

The successful bidder may at its option refuse to accept the Bonds, if prior to their delivery the certificate referred to in the following paragraph in form and tenor satisfactory to Co-Bond Counsel, is not delivered or if any income tax law of the United States of America is hereafter enacted which shall provide that the interest thereon is taxable, or shall be taxable at a future date, for Federal income tax purposes, and in such case the deposit made will be returned and it will be relieved of its contractual obligations arising from the acceptance of its proposal.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. As part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, the City will furnish the successful bidder, concurrently with the delivery of the Bonds, its Arbitrage and Use of Proceeds Certificate, which will contain provisions and procedures relating to compliance with the requirements of the Code and a certification to the effect that the City will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is excludable from gross income under Section 103 of the Code. In the opinions of Co-Bond Counsel, the Certificate sets forth provisions and procedures under which such requirements of the Code can be met.

Under the Code, interest on the Bonds is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including without limitation, the alternative minimum tax, and the foreign branch profits tax. In addition, under the Code, an individual who owns the Bonds may be required to include in gross income a portion of his or her Social Security or railroad retirement payments. Bondholders should consult their tax advisers with respect to the computation of alternative minimum tax, or foreign branch profits tax liability, or the inclusion of Social Security or other retirement payments in gross income for Federal income tax purposes.

The opinions of Co-Bond Counsel shall also contain further statements to the effect that, in the opinions of said law firms, interest on the Bonds is excludable, under existing statutes and court decisions, in the gross income of the recipients thereof for Federal income tax purposes pursuant to Section 103 of the Code; that under existing statutes, interest on the Bonds is not treated as a preference item in calculating alternative minimum taxable income of individuals or corporations; and that in rendering the foregoing opinions, Co-Bond Counsel have assumed the City's compliance with the provisions of its Arbitrage and Use of Proceeds Certificate.

Further, such opinions shall state that, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York.

Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the City a certificate in form satisfactory to Co-Bond Counsel containing information sufficient to enable the City to determine the "issue price" of the Bonds as defined in Sections 1273 or 1274 of the Code.

The Bonds **will not** be designated by the City as "qualified obligations" pursuant to the provisions of Section 265 of the Code.

The City will prepare a supplement (the "Supplement") to the Official Statement prepared by the City in connection with the offering of the Bonds (the Official Statement and the Supplement to constitute a "Final Official Statement" within the meaning of Securities and Exchange Commission Rule 15c2-12) within seven business days following the award of the Bonds to the winning bidder provided that within two business days of the award of the Bonds the winning bidder advises the City of the initial public offering prices of the Bonds and the estimated selling compensation of the winning bidder.

In order to assist bidders in complying with Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the Bonds, the City will provide an executed copy of its "Undertaking to Provide Continuing Disclosure". Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Bonds, to provide to (i) each nationally recognized municipal securities information repository, or to the Municipal Securities Rulemaking Board, and (ii) to the New York State Information Depository, if created, the annual financial information and notice of the occurrence of certain material events, as enumerated in said Rule 15c2-12.

The obligations hereunder to deliver or accept the Bonds pursuant hereto shall be conditioned on the availability to the successful bidder and delivery at the time of delivery of the Bonds of said approving opinions; of certificates in form and tenor satisfactory to said law firms evidencing the proper execution and delivery of the Bonds and receipt of payment therefor and including a statement, dated as of the date of such delivery, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened relating to the Bonds; and of the several certificates as described in the Official Statement under the heading "Documents Accompanying Delivery of the Bonds." A copy of said approving opinions will appear on the Bonds.

Copies of the Notice of Sale and the Official Statement may be obtained upon request from the office of the Director of Finance, City of Rochester, 30 Church Street, Room 109-A, City Hall, Rochester, New York, 14614-1290, phone number (585) 428-7151.

Dated: February 10, 2006

VINCENT J. CARFAGNA  
Director of Finance and  
Chief Fiscal Officer

February 22, 2006

Vincent J. Carfagna  
Director of Finance  
The City of Rochester  
30 Church Street  
Room 109-A, City Hall  
Rochester, NY 14614-1290

Dear Mr. Carfagna:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated February 10, 2006, which is hereby made a part of this proposal, we offer to purchase all of the \$41,800,000 General Obligation Serial Bonds-2006 Series B of the City of Rochester, New York, described in said Notice of Sale, and to pay therefor the price of \$41,800,000 plus \$\_\_\_\_\_, plus interest, if any, accrued on said Bonds from their date to the date of their delivery provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Bonds maturing in the years 2006 to \_\_\_\_\_, inclusive at \_\_\_\_\_%

Bonds maturing in the years \_\_\_\_\_ to \_\_\_\_\_, inclusive at \_\_\_\_\_%

Bonds maturing in the years \_\_\_\_\_ to \_\_\_\_\_, inclusive at \_\_\_\_\_%

Bonds maturing in the years \_\_\_\_\_ to \_\_\_\_\_, inclusive at \_\_\_\_\_%

We enclose herewith a certified or cashier's check in the sum of \$836,000, made payable to the order of the City of Rochester, New York, which check is to be returned to the undersigned if the bid is not accepted; otherwise to be applied as part payment for the bonds, or to be retained by the City as and for liquidated damages in case we should not take up and pay for the Bonds in accordance with the terms of this proposal.

The following is our computation of the net interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing Proposal for the purchase of \$41,800,000 Bonds under the foregoing Proposal.

Gross Interest	\$ _____
Less Premium Bid Over Par	\$ _____
Net Interest Cost	\$ _____
Net Interest Rate	_____ %

By: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Mailing Address)

\_\_\_\_\_

(Telephone Number)

Receipt of the good faith check on February 22, 2006, in the amount of \$836,000 from the City of Rochester, New York, is hereby acknowledged.

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